

CITY OF MUSKEGON

CITY COMMISSION MEETING

NOVEMBER 13, 2007

CITY COMMISSION CHAMBERS @ 5:30 P.M.

MINUTES

The Regular Commission Meeting of the City of Muskegon was held at City Hall, 933 Terrace Street, Muskegon, Michigan at 5:30 p.m., Tuesday, November 13, 2007.

Mayor Warmington opened the meeting with a prayer from Reverend Randall Hansen from the Central United Methodist Church after which the Commission and public recited the Pledge of Allegiance to the Flag.

ROLL CALL FOR THE REGULAR COMMISSION MEETING:

Present: Mayor Stephen Warmington, Vice Mayor Stephen Gawron, Commissioners Chris Carter, Lawrence Spataro, Sue Wierengo, and Steve Wisneski, City Manager Bryon Mazade, City Attorney John Schrier, and City Clerk Ann Marie Becker.

Absent: Commissioner Clara Shepherd (excused).

2007-94 HONORS AND AWARDS:

A. Sprague Auto Parts Inc. PUBLIC SAFETY

Public Safety Director, Tony Kleibecker, presented an Honorary Ambassador Award to Sprague Auto Parts for their commitment and assistance in providing autos to the Fire Department for training purposes.

B. Anti-litter Contest. COMMUNITY & NEIGHBORHOOD SERVICES

Community & Services Director, Wilmern Griffin, recognized the students who submitted drawings for the Anti-litter Contest.

2007-95 CONSENT AGENDA:

A. Approval of Minutes. CITY CLERK

SUMMARY OF REQUEST: To approve the minutes of the Regular Commission Meeting that was held on Tuesday, October 23rd.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Approval of the minutes.

B. Request to Receive Three Properties of the Remaining Five Properties That Were Not Sold During the Tax Sales for 2007. PLANNING & ECONOMIC DEVELOPMENT

SUMMARY OF REQUEST: The County of Muskegon held two tax sales during 2007. After the tax sales, there were five properties left. According to the State's new tax laws, the City must state which of the properties they do not want to obtain, otherwise the City will get all of them. From the list that was provided, there are two parcels with homes on them and three vacant lots. Staff would like to obtain the three vacant lots and allow the Muskegon County Land Bank Authority to obtain the two homes.

FINANCIAL IMPACT: The City will have to maintain the properties and will have the option to sell the properties in the future for home construction.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: To approve the resolution and to authorize both the Mayor and the Clerk to sign said resolution.

COMMITTEE RECOMMENDATION: The Land Reutilization Committee discussed this matter and had a consensus for approval at their regular meeting of October 23, 2007, due to the fact there was not a quorum.

C. Request to Submit a Bid to Purchase a Tax-Reverted Property. PLANNING & ECONOMIC DEVELOPMENT

SUMMARY OF REQUEST: The State of Michigan has sent a letter to the City as well as all the adjacent property owners' information to submit a bid and purchase a property that is in their possession. The minimum bid allowed is \$36,000. A 10% deposit must be sent with the application. The deposit is refundable. The property is located in the Medendorp Industrial Park. This property had been a former railroad right-of-way. The property is 2.86+ acres and could be used for future trail right-of-way and/or future development.

FINANCIAL IMPACT: To be paid out of the public improvement fund.

BUDGET ACTION REQUIRED: Submit 10% of the bid with the application and if accepted, to pay the difference.

STAFF RECOMMENDATION: To approve the resolution and to authorize both the Mayor and the Clerk to sign said resolution and to have the Mayor sign the bid application to allow staff to determine the actual bid amount.

D. Control System Annual Software Support. WATER FILTRATION

SUMMARY OF REQUEST: Renewal of the annual customer support for the Wonderware control system software at the Water Filtration Plant.

FINANCIAL IMPACT: A one-time cost of \$10,186.75.

BUDGET ACTION REQUIRED: None. This item is budgeted.

STAFF RECOMMENDATION: Staff recommends renewal of the annual software customer support agreement at a cost of \$10,186.75.

E. Budgeted Equipment Replacement. PUBLIC WORKS

SUMMARY OF REQUEST: Approval to purchase two Ford F-250 trucks from Great Lakes Ford.

FINANCIAL IMPACT: \$34,654.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Approve purchase.

F. Tool & Die Recovery Zone Status for Muskegon Tool. PLANNING & ECONOMIC DEVELOPMENT

SUMMARY OF REQUEST: To approve development agreement and resolution establishing a Tool & Die Recovery Zone for Muskegon Tool, 1000 E. Barney Ave.

FINANCIAL IMPACT: The City will forego approximately \$23,000 per year for a total of \$346,365 in taxes for the 15 year period of the zone.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: To approve the development agreement and the resolution establishing a Tool and Die Recovery Zone.

G. Special Events - Catamaran Racing Association Request to Hold a Catamaran Sailing Event, and Camp Over Night at Pere Marquette. LEISURE SERVICES

SUMMARY OF REQUEST: Catamaran Racing Association of Michigan is requesting permission to hold a Catamaran sailing event at Pere Marquette Park August 2&3, 2008. They intend to use the City-owned lot that is currently leased by Capt. Jacks for overnight camping on August 2.

The owners of Capt. Jacks submitted a letter indicating their support of the event. Two organizations hosting separate events at Pere Marquette during this time, Inside/Out volleyball and Meals on Wheels 5k run/walk race, have expressed support for the event.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: To approve the resolution allowing for overnight camping at Pere Marquette for this even August 2&3, 2008.

COMMITTEE RECOMMENDATION: This request was recommended for approval by the Leisure Services Board at the October 15, 2007, meeting.

H. Telecommunications Expense Audit. FINANCE

SUMMARY OF REQUEST: The City recently solicited proposals for firms to conduct

an audit of our telecommunications (telephone, cellular and data) expenses. Such audits are commonly done by larger organizations having complex telecommunications structures. Typically the auditing firms are compensated on a contingency basis, with payment based on a percentage of actual savings realized by the City. The City received three responses to the RFP (a fourth was received late and not opened). The RFP responses are summarized below:

Firm	Office Location	Price Proposal	Months in Effect	Cost if \$30k Savings for Past 3 Years
Abilita	Lansing	40% of Savings up to \$20,000 35% of Savings \$20,001 to \$30,000 30% of Savings \$30,001 to \$40,000 25% of Savings over \$40,001	24	\$11,500 (Net Savings to City \$18,500)
Schooley-Mitchell	Grand Rapids	\$1,995 fee per year fee (not contingency based)	24	\$5,985 (Net Savings to City \$24,015)
Schooley-Mitchell	Grand Rapids	50% of Savings	24	\$15,000 (Net Savings to City \$15,000)
Total Solutions Group	Saginaw	40% of Savings up to \$50,000 30% of Savings \$50,001 to \$100,000 20% of Savings over \$100,000	24	\$12,000 (Net Savings to City \$18,000)

After reviewing proposals and checking references, the City recommends that Abilita be selected to provide this service. It is the best contingency based proposal received.

FINANCIAL IMPACT: Some staff time is involved in gathering data and coordinating the contract. Potential budgetary savings or billing credits may result if billing errors or overcharges are discovered.

BUDGET ACTION REQUIRED: None. If successful, the program will result in budget savings to the City; otherwise there is no direct cost other than some staff time.

STAFF RECOMMENDATION: Selection of Abilita to audit the City's telecommunications expenses.

Motion by Commissioner Carter, second by Vice Mayor Gawron to approve the Consent Agenda as read.

ROLL VOTE: Ayes: Gawron, Spataro, Warmington, Wierengo, Wisneski, and Carter

Nays: None

MOTION PASSES

2007-96 PUBLIC HEARINGS:

A. Request for a Time Extension for the Obsolete Property Rehabilitation Exemption Certificate at 790 Terrace. PLANNING & ECONOMIC DEVELOPMENT

SUMMARY OF REQUEST: Promised Land Associates, 3355 Merriam Street, Muskegon Heights, MI 49444, was issued an Obsolete Property Rehabilitation Exemption Certificate (resolution number 2005-54(b), issued June 14, 2005) for the property located at 790 Terrace Street, Muskegon, MI. The timeline to complete the rehabilitation was one year, giving them until June 14, 2006 to do so. However, a number of unforeseen problems occurred during this time, making the applicant unable to complete the rehabilitation. The applicant is now requesting an addition two (2) years to rehabilitate the building. The two (2) year extension would give the applicant until November 14, 2009, to complete the rehabilitation. Total capital investment for this project was stated to be \$1,200,000. The project was to consist of a restaurant/banquet hall that would also feature live entertainment. This project was to result in the creation of 40+ new jobs in the city. Because of the new jobs, and the amount of investment, the applicant was granted a 12 year certificate.

FINANCIAL IMPACT: If an extension to the Obsolete Property Rehabilitation Exemption Certificate is granted, the property taxes would be frozen for the duration of the certificate.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: If the City Commission decides to grant an extension for the Obsolete Property Rehabilitation Exemption Certificate, it is recommended that only one (1) additional year be granted. That would give the applicant until November 13, 2008 to rehabilitate the building.

The Public Hearing opened to hear and consider any comments from the public. Ciggzree Morris, 311 W. Muskegon, commented.

Motion by Commissioner Carter, second by Commissioner Spataro to close the Public Hearing and extend the certificate until August 22, 2008.

Motion by Commissioner Wisneski, second by Commissioner Wierengo to amend the motion to have the exterior of the building renovated in 90 days from today.

ROLL VOTE ON THE AMENDMENT:

Ayes: Wisneski

Nays: Spataro, Warmington, Wierengo, Carter, and Gawron

AMENDED MOTION FAILS

ROLL VOTE ON THE ORIGINAL MOTION:

Ayes: Spataro, Wierengo, Carter, and Gawron

Nays: Warmington and Wisneski

MOTION PASSES

2007-97 NEW BUSINESS:

A. Resolution to Sell 1122 Spring. COMMUNITY & NEIGHBORHOOD SERVICES

SUMMARY OF REQUEST: To approve the resolution to sell the City owned house at 1122 Spring to Ms. Georgia Crenshaw, of 322 Sumner, Muskegon, for the expected appraised value of \$65,000 minus the \$15,000 subsidy.

The house at 1122 Spring is part of the Operation R&R initiative, also know as **"Spring Street Awakening"** the structure was obtained by the City of Muskegon through the tax reverted process. After the City obtained the house from the State of Michigan, a total rehabilitation of the house was completed including abatement of any lead in the house.

FINANCIAL IMPACT: The program income derived from this transaction will be deposited in the City's HOME funds.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: To approve the resolution and the sale of 1122 Spring to Ms. Georgia Crenshaw.

COMMITTEE RECOMMENDATION: The City Commission and the Land Reutilization Committee approved the project.

Motion by Commissioner Spataro, second by Vice Mayor Gawron to approve the resolution and sale of 1122 Spring to Ms. Georgia Crenshaw.

ROLL VOTE: Ayes: Spataro, Warmington, Wierengo, Wisneski, Carter, and Gawron

Nays: None

MOTION PASSES

B. Donation Program for 2007 Individual Income Tax Returns. INCOME TAX

SUMMARY OF REQUEST: Approval of multiple donations programs for the 2007 income tax returns. Our department's goal is to increase the number tax refunds donated by 20-30%. Each year we will feature two or three donation options for the taxpayers.

Some of our top donations programs include Lakeshore Trail Improvements, Muskegon Summer Celebration Fireworks, & the upkeep of Veteran's Memorial Park.

FINANCIAL IMPACT: The average amount collected each year is \$2,000. Each donated refund saves the City approximately \$1 in check fees.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Approval of the recommended.

Motion by Commissioner Spataro, second by Vice Mayor Gawron to approve the donation program for the 2007 individual income tax returns.

ROLL VOTE: Ayes: Warmington, Wierengo, Wisneski, Carter, Gawron, and Spataro

Nays: None

MOTION PASSES

C. Approval to Purchase New Utility Billing System. TREASURER

SUMMARY OF REQUEST: Approval to purchase the Equalizer Utility Billing System from BS&A Software. This request is the result of an investigation by City staff of possible utility billing software solutions that will improve productivity and operational efficiency.

FINANCIAL IMPACT: Total cost of \$36,000.

BUDGET ACTION REQUIRED: The 4th Quarter Budget Reforecast to include an adjustment for this purchase as a water fund capital expenditure.

STAFF RECOMMENDATION: Approval to purchase the Equalizer Utility Billing System.

Motion by Vice Mayor Gawron, second by Commissioner Carter to approve the purchase of the Equalizer Utility Billing System.

ROLL VOTE: Ayes: Wierengo, Wisneski, Carter, Gawron, Spataro, and Warmington

Nays: None

MOTION PASSES

D. Revocation of a Neighborhood Enterprise Zone Certificate. PLANNING & ECONOMIC DEVELOPMENT

SUMMARY OF REQUEST: Stan and Chris Cunningham are in violation of Sec. 207.781 sec. 11 subsection (4) which states:

If the owner of the facility fails to make the annual payment of the neighborhood enterprise zone tax and the ad valorem property tax on the land under the general property tax act, 1893 PA 206, MCL 211.1 to 211.157, the Commission by order shall revoke the certificate. However, if payment of these taxes is made before the revocation is effective, the Commission, upon application of the owner, shall rescind the order of revocation. If payment of these taxes and any subsequent ad valorem property tax due on the facility is made after revocation of the certificate, the Commission, upon application of the owner, shall reinstate the certificate for the remaining period of time for which the original certificate would have been in effect.

Stan and Chris Cunningham have failed to pay 2006 taxes for the property located at 1223 Morgan Avenue whose parcel numbers are 24-941-096-0253-00 and 24-613-000-0751-00. Approval or denial by the City Commission is required and must be forwarded to the State Tax Commission. Staff sent the owners a letter with the County Treasurer's phone number on it regarding the pay off

amount of the delinquent property taxes on September 19, 2007, giving them until October 12, 2007, to pay the taxes. They remain unpaid.

FINANCIAL IMPACT: The property will no longer be able to take advantage of the certificate number 96-253 which allowed taxation at 50% of the State average for a stated number of years.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Approve revocation of the NEZ certificate and have the Mayor and City Clerk sign the resolution and submit it to the State Tax Commission.

Motion by Vice Mayor Gawron, second by Commissioner Carter to approve the revocation of the Neighborhood Enterprise Zone Certificate for 1223 Morgan.

ROLL VOTE: Ayes: Wisneski, Carter, Gawron, Spataro, Warmington, and Wierengo

Nays: None

MOTION PASSES

E. Establishment of the Downtown Development Authority District as a "Redevelopment Project Area". PLANNING & ECONOMIC DEVELOPMENT

SUMMARY OF REQUEST: There is a new type of liquor license available for businesses within the boundaries of the Downtown Development Authority (DDA) District. It is similar to the former DDA liquor license. In order for the Liquor Control Commission to approve issuance of these licenses, the buildings that house the licensed premises must be located within an established "Redevelopment Project Area". The Redevelopment Project Area has the same boundaries as the current DDA. In order to establish this area as the Redevelopment Project Area, the City Commission must approve the resolution.

FINANCIAL IMPACT: No immediate impact, although the granting of additional liquor licenses downtown will increase the number of restaurants and entertainment venues possible, thus increasing the City of Muskegon's tax revenues.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: To approve the resolution and authorize the Mayor and Clerk's signatures.

Motion by Commissioner Spataro, second by Commissioner Carter to approve the establishment of the Downtown Development Authority District as a "Redevelopment Project Area" and also include the DMDC property and the Edison Landing property.

ROLL VOTE: Ayes: Carter, Gawron, Spataro, Warmington, Wierengo, and

Wisneski

Nays: None

MOTION PASSES

F. Issuance of a Downtown Development Authority District On-Premises Liquor License - lordache Group, Inc. PLANNING & ECONOMIC DEVELOPMENT

SUMMARY OF REQUEST: The lordache Group, Inc. has applied for a Downtown Development Authority District On-Premises Liquor License for the premises at 380 W. Western, which is located within an area established by the City Commission as a redevelopment project area. The applicant shall be engaged in the operation of a restaurant and an adjacent bakery at this address.

FINANCIAL IMPACT: No immediate impact, although the granting of the liquor license to lordache Group will add to the business and entertainment mix in downtown Muskegon, and will add to the City of Muskegon's tax revenues.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: To approve the resolution and authorize the Mayor and Clerk's signatures.

Motion by Commissioner Spataro, second by Vice Mayor Gawron to approve the resolution and authorize the Mayor and Clerk to sign the Downtown Development Authority District on-premises liquor license for lordache Group, Inc.

ROLL VOTE: Ayes: Gawron, Spataro, Warmington, Wierengo, Wisneski, and Carter

Nays: None

MOTION PASSES

ANY OTHER BUSINESS: Mayor Warmington stated that Raya Wood is the winner of the Muskegon Recycling Contest.

PUBLIC PARTICIPATION: Various comments were heard from the public.

ADJOURNMENT: The City Commission Meeting adjourned at 6:52 p.m.

Respectfully submitted,

Ann Marie Becker, MMC
City Clerk